



AGENDA DATE: 7/20/00
AGENDA ITEM: 11A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

IN THE MATTER OF THE PETITION OF)
PENNSGROVE WATER SUPPLY COMPANY,)
INC. FOR AUTHORITY TO BORROW UP TO)
\$350,000 AND TO ISSUE EVIDENCE OF)
INDEBTEDNESS PURSUANT TO THE NEW)
JERSEY ENVIRONMENTAL INFRASTRUCTURE)
TRUST FINANCING PROGRAM)

ORDER
AUTHORIZING BORROWING AND
ISSUANCE OF INDEBTEDNESS

DOCKET NO.: WF00060352

William D. Lavery, Jr., Esq. Cozen and O'Connor, Cherry Hill, New Jersey for
Pennsgrove Water Supply Company, Inc.

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Office of the Economist, and
Michael Gallagher, Director, Division of Water and Wastewater, on behalf of the
Staff of the Board of Public Utilities

BY THE BOARD:

Pennsgrove Water Supply Company, Inc., (Pennsgrove or Petitioner), a public utility of the
State of New Jersey, by Petition filed with the Board of Public Utilities (Board) on June 1, 2000,
pursuant to N.J.S.A. 48:3-7, 48:3-9 and N.J.A.C. 14:1-5.9, requests authority:

- A. To borrow up to \$350,000 (Loan) from the New Jersey Environmental Infrastructure
Trust (Trust) and the State of New Jersey, acting by and through the New Jersey
Department of Environmental Protection (State) pursuant to N.J.S.A. 58:11b-1 et seq.,
and to make, execute and deliver to the Trust and the State, any and all documents
required in connection therewith;
- B. To make, execute and deliver a mortgage to The Bank of New York as Trustee, with a
\$35,000 debt service reserve to be held through the Trust financing program; and
- C. To issue and deliver to the Trust and the State up to \$350,000 principal amount of
Bonds due 2020.

Petitioner requests that the relief set forth in paragraphs A through C above be granted by
the Board without the requirement for further Board Order as to pricing. The Trust will issue and
sell its tax-exempt bonds and the proceeds, together with other State monies, will be used to

create a fund available for loans to qualified borrowers, all pursuant to the 2000 New Jersey Environmental Infrastructure Trust Financing Program. Loans to various entities, including the Loans to the Petitioner, will be made from the loan fund. Petitioner proposes to issue and deliver its mortgage to the Trust and the State as security for the loans from the Trust and the State to Petitioner of up to \$350,000. The Trust Bonds will be sold through one or more underwriters selected by competitive bid with a fixed rate of interest, under circumstances where competitive conditions will be maintained throughout.

The proceeds of the issuance of the Petitioner's \$350,000 Bonds, \$315,000 will be used by the Petitioner to finance the installation of 7,700 linear feet of 12-inch ductile iron water main to connect the Petitioner's existing water supply mains in Pedricktown, New Jersey, with a 400,000 gallon elevated storage tower to be constructed by the Salem County Improvement Authority, including any allowed issuance expenses and related costs. The remaining \$35,000 will be used as debt service reserve.

Petitioner has stated that no franchise or right will be capitalized directly or indirectly through the issuance of the Bonds.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the action proposed to be taken by Petitioner as indicated above, and finding that the proposed transactions are to be made in accordance with law, and approving the purposes thereof, HEREBY ORDERS that Petitioner be and is HEREBY AUTHORIZED:

- A. To borrow up to \$350,000 from the New Jersey Environmental Infrastructure Trust and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection, and to make, execute and deliver to the Trust and the State, any and all documents required in connection therewith;
- B. To make, execute and deliver a mortgage to The Bank of New York as Trustee, with a \$35,000 debt service reserve to be held through the Trust financing program; and
- C. To issue and deliver to the Trust and the State up to \$350,000 principal amount of Bonds due 2020.

This Order is issued subject to the following provisions:

- 1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioner; nor as certifying that the securities authorized to be issued and sold will be represented by tangible or intangible assets of commensurate value or investment costs.
- 2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future Petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting the Petitioner.
- 3. Petitioner shall utilize the proceeds from the loans as stated above.

4. Petitioner shall submit a schedule indicating complete details of the issuance costs no later than sixty (60) days following the closing date for this transaction.
5. Petitioner shall furnish the Board with copies of the executed indentures, notes, mortgage and any other documents executed pursuant to the Loan Agreement.
6. The Bonds herein authorized to be issued, shall not be redeemed at a premium, prior to maturity, without further Board approval.
7. The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised on or before June 30, 2001.

DATED: 7/25/00

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]
HERBERT H. TATE
PRESIDENT

[SIGNED]
CARMEN J. ARMENTI
COMMISSIONER

[SIGNED]
FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

[SIGNED]
EDWARD D. BESLOW, Esq.
ACTING SECRETARY

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